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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000130

SIPDIS

STATE PASS AIT/W

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TAGS: [PGOV](#) [PREL](#) [CH](#) [TW](#)

SUBJECT: CROSS-STRAIT CHARTER FLIGHTS: ONE STEP FORWARD

Classified By: AIT Director Douglas H. Paal. Reason: 1.4 (B/D)

11. (C) Summary. According to Taiwan's Mainland Affairs Council (MAC), Beijing this afternoon, January 13, accepted Taiwan's proposed delegation to participate in negotiations on direct cross-strait charter flights around the Chinese New Year. At this still early point in the negotiation process, both sides have actually made small concessions -- Beijing by apparently accepting the presence of Taiwan government aviation officials in the Taiwan delegation, and Taiwan by pulling back from its adamant insistence that Taiwanese officials responsible for cross-strait relations be included in the Taiwan delegation. In the face of growing Taiwan public hopes for a charter flight deal in time for the Chinese New Year, and of opposition Kuomintang (KMT) demonstration that its delegation to Beijing successfully worked out arrangements for charter flights, the DPP government had been forced to accept Beijing and the KMT's agenda, and received a small concession from the PRC in return. End Summary.

Taiwan Twice Responds

12. (C) Taiwan twice responded to the PRC Taiwan Affairs Office (TAO) call for what Taiwan calls the "second round" of negotiations, the "first round" being a meeting in Macao last Friday, January 7, that MAC Chairman Joseph Wu insisted to AIT had been "very successful" in setting the framework for further negotiations. Chen Chung-hsin, Counselor responsible for cross-strait relations at the National Security Council (NSC), told AIT on January 11, that the government had authorized Taipei Airline Association (TAA) Director Michael Lo (Lo Ta-hsin) to transmit a proposed Taiwan five-person delegation list to Beijing consisting of: TAA Director Michael Lo, another airline industry representative, the Chief of the Civil Aeronautics Administration (CAA, under the Communication and Transportation Ministry), and one official each from the Mainland Affairs Council (MAC) and the Straits Exchange Foundation (SEF). Explaining that he is a "pragmatist" who just wants to get charter flights moving, Chen said he had cautioned his "colleagues" that the MAC and SEF officials would be automatically rejected by TAO. That, he noted, is exactly what happened, as the TAO spokesman announced in a press conference in Beijing yesterday, January 12.

13. (C) That same afternoon, Chen said, the Taiwan government worked out a new delegation list consisting of Michael Lo, CAA Director Chang Kuo-cheng, one CAA staffer, and Mr. Lo's Chief Secretary, which NSC Secretary-General Chiou I-jen approved and which Michael Lo transmitted to his PRC CAA counterpart in Beijing. Chen felt reasonably confident that this second list would be acceptable to Beijing, because, he said, the TAO spokesman in Beijing had replied to a reporter's query on whether all Taiwan government officials would be unacceptable to Beijing by clarifying that he had only mentioned MAC and SEF.

14. (C) This afternoon, January 13, Joseph Wu called AIT to say that Taiwan had just received a positive response from Beijing, accepting Taiwan's revised delegation proposal. Shortly afterward, NSC Counselor Chen called to convey the same message, clearly delighted by the outcome and proud of his part in it. The Taiwan side, Wu told AIT, had made one last ditch effort to get a MAC economist included in the delegation, but Beijing had refused. Wu stated the two sides are working out the details of meeting time and place, which he hopes will take place this weekend. Final details will be announced at a government-wide -- MAC, NSC, MND, and Ministry of Transport and Communications -- press conference tomorrow afternoon, January 14, at 5:00 p.m.

Way Forward

15. (C) In his meeting with AIT, Chen appeared more flexible on the issue of Taiwan government participation in charter flight negotiations than MAC Chair Joseph Wu. In public and to AIT in private, Wu has continued to insist that Taiwan will only negotiate with China on charter flights according to the "Hong Kong model" (the 2002 air service agreement between Hong Kong and Taiwan by delegations nominally headed

by airline industry officials, but with all substantive negotiations done by government officials from both sides). Chen, however, supported revision of the proposed Taiwan delegation list, explaining to AIT that the "Hong Kong model" could be used for subsequent expanded cross-strait air service negotiations. President Chen, he told AIT, had approved of this graduated negotiation process, the third stage of which would be negotiation on the "three links" (commodity, transport, and post). At the present stage, he explained, charter flights are the "critical key" on which future progress depends. First, he said, we must reduce cross-Straits tensions.

16. (C) Chen told AIT that the DPP government was having to tread very carefully on the cross-Straits issue, as many of its supporters were hostile to any concessions on negotiations with China. "Liberty Times," he noted, represented that contingent and functioned as a major restraint on the Government's freedom of action. Chen, however, was just as dismissive of the KMT delegation to Beijing as Joseph Wu and other DPP leaders. The KMT trip, Chen charged bitterly, constituted Chinese government intervention to help the KMT, which allowed itself to be used by China. He was particularly incensed at the claims by the KMT that the charter flight issue had been resolved by the KMT delegation to Beijing (see septel report on KMT Chairman Lien Chan's meeting with the Director).

Comment

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17. (C) The charter flight issue is playing out against the backdrop of Taiwan's bitter post-elections politics in the run up to the formation of the new government (i.e., Executive Yuan). The KMT delegation visit to Beijing and subsequent KMT claims that it successfully negotiated a charter flight deal forced the Taipei government to move and necessitated the Taiwan government's small but significant back step on delegation composition. Beijing saved Taipei some face by agreeing to two non-mainland related officials in the Taiwan delegation. This is better news than AIT is used to.

PAAL